Economic Development

Business Plan 1999-2000 to 2001-02 - *restated*

Accountability Statement

As a result of government re-organization announced on May 25, 1999, the Ministry Business Plans included in Budget '99 have been restated to reflect the new Ministry organizations as at November 17, 1999.

The restated Business Plan for the Ministry of Economic Development for the three years commencing April 1, 1999, was prepared in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at February 18, 1999, with material economic or fiscal implications have been considered.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

For information, the restated Business Plan includes 1999-2000 Second Quarter forecast information that reflects developments that have occurred during the 1999-2000 fiscal year.

Jon Havelock
Minister of Economic Development
November 17, 1999

102-03521/

Introduction

Over the past five years, Alberta's economy expanded at an annual average rate of 3.8%, the fastest rate of growth in Canada. Increased trade, tourism and investment have driven this growth. During this period, our international trade in goods and services grew, on average by almost 10% a year. Investments in our manufacturing and service industry increased, on average, by 5% a year. Alberta's tourism revenue has grown from $3.5 billion in 1995 to $4.1 billion in 1998.

Alberta's reliance on trade, tourism and investment to grow our economy continues to present opportunities and challenges. Trends to globalization and freer markets enhance our trading and tourism opportunities and is increasing the mobility and availability of capital required for investment. Conversely, globalization exposes Alberta to more competition and increases our dependency on the strength of our major trading partners and exchange rate fluctuations. Alberta faces strong competition as a place to conduct business successfully. A coordinated and strategic approach is required across governments and the private sector to capitalize on growth opportunities, meet the competition and build our capacity to buffer the shocks from economic factors outside our control.

Government contributes by maintaining an environment that retains private sector confidence in Alberta as an attractive place to invest and do business. We call this environment the Alberta Advantage. It includes competitive tax and regulatory policies, an abundance of natural resources, a skilled, highly educated and innovative workforce, sound fiscal management, key infrastructure, and an unsurpassed quality of life.

The Alberta Advantage ensures that our business community enjoys a stable business and social environment. This stability allows businesses to capitalize on the opportunities of a rapidly changing, global economy and to contribute to the continued development of Alberta's communities and the well being of Albertans and their families. The private sector brings an entrepreneurial and competitive spirit to the Alberta Advantage. It identifies opportunities; applies time, money and resources; takes risk and creates jobs. It also helps to identify short and long term responses required in an ever-changing commercial world.

Focusing on the province's *Prosperity* core business, Alberta Economic Development encourages the province's business community to find new opportunities to expand business and create jobs by striving to ensure that Alberta is, and is known to be, **the best place in the world to live and do business**. The Department leads government's strategic marketing of Alberta as a credible player on the world economic stage. By doing so we contribute to increasing the trade and investment required to grow our economy and to the development and well being of all Albertans.

Alberta Economic Development develops, implements and supports targeted strategies within selected sectors and markets to increase exports; enhance competitiveness; and attract visitors, investment and businesses to the province. We also coordinate a strategic economic planning framework with the Alberta Economic Development Authority, the private sector and across other departments and governments to identify barriers to economic growth and build effective solutions that enhance the Alberta Advantage. Key to the performance of these businesses is the development and sharing of strategic market, trade, and economic intelligence and business information, as well as the ongoing review and benchmarking and promotion of the Alberta Advantage.

The Ministry of Economic Development includes the Department, the Alberta Economic Development Authority, the Strategic Tourism Marketing Council, and Travel Alberta.

Vision

Alberta is the best place in the world to live and do business.

Mission

The Department's mission is to promote **Alberta's continuing prosperity.**

Values

Alberta Economic Development builds strong teams, partnerships, and alliances with Alberta businesses and communities in coordinating market development, investment attraction, and tourism. We provide competitive intelligence and business solutions to Alberta businesses. We value service and results orientation, accountability, and creativity in our employees. We respect each employee's skills and expertise, and encourage the sharing of knowledge among all colleagues to increase individual experience, competitive intelligence, and technical capabilities. Our future lies in capturing new ideas and work processes and through the promotion of best practices we help Alberta businesses successfully compete in the global marketplace.

Core Businesses

We work to achieve our mission across the province by concentrating on the following three core businesses:

Core Business 1: ***Strategic Leadership for Economic Development Policy and Planning*** - Provide strategic leadership for Alberta's economic development.

Core Business 2: ***Market Development and Investment Attraction*** - Promote increased trade of Alberta goods and services, and attract investment to Alberta.

Core Business 3: ***Tourism Marketing and Development*** - Stimulate the growth of Alberta's tourism industry.

Under **Core Business 1**, the Department, with the support of Alberta Economic Development Authority and the Council of Economic Development Ministers, focuses on the key economic performance challenges and opportunities facing the province. Together, we identify diverse opportunities presented by today's global economy and strategically map out markets and sectors where Alberta can make the greatest difference.

Under **Core Business 2** the Department promotes growth in trade of Alberta products and services and investment to Alberta, by focusing market and industry sectors with the greatest impact. As reflected in the following table, the Department focuses on priority and important markets for both trade and investment.

Regions	Priority Markets		Important Markets	
	Developed	Developing	Developed	Developing
North America	United States	Mexico		
Asia-Pacific	Japan Hong Kong South Korea	China	Australia Taiwan Singapore	ASEAN Region[1]
South America and Caribbean		Venezuela Argentina		Brazil Chile Cuba Peru
E.U. and Eastern Europe	United Kingdom Germany		France Netherlands Italy	Russia
Mid East and South Asia		Caspian Region[2] Persian Gulf Region[3] India		Libya

[1] ASEAN Region includes the primary countries of Indonesia, Thailand, Malaysia, and the Philippines.

[2] Caspian Region includes Iran, Kazakhstan, Uzbekistan, Turkmenistan, Azerbaijan, and Georgia.

[3] Persian Gulf Region includes United Arab Emirates, Saudi Arabia, and Kuwait.

For priority markets, the Department will provide a full range of services — market intelligence, market assistance, and opportunity identification. Generally, these are markets most likely to yield the highest return for our investment of effort and resources in them. The bulk of the Department's trade and investment resources will focus on key strategic initiatives in these markets and sectors.

For important markets, information will be provided through a series of Market Profiles posted and regularly updated on the Department's Website (www.alberta-canada.com). Each profile offers an in-depth look at a single country or region and includes critical information on its trade and investment environment, financing availability, Alberta's exports, and sector-specific opportunities for Alberta business. Specific marketing activities will be initiated when deemed appropriate.

The function of industrial development within Alberta is shared among government departments. The key industry sectors that the Department focuses on include: oil/gas field service supply industries; petrochemical and chemical product industries; secondary wood manufacturing; industrial equipment/metal fabrication; environmental products and services; architects/engineers/contractors; e-commerce; information and communication technologies; and transportation logistics.

Under **Core Business 3** the Department in conjunction with the Strategic Tourism Marketing Council and Travel Alberta, focuses on the development and marketing of the tourism industry.

Tourism is a unique industry due to the diverse stakeholder group, and the involvement of all levels of government in tourism. The Department ensures policy issues concerning tourism development are thoroughly addressed.

The Department, along with Travel Alberta and the Strategic Tourism Marketing Council, ensure the marketing needs of the Alberta tourism industry are addressed. The Strategic Tourism Marketing Plan, developed in 1999, provides the framework for marketing the Alberta tourism product. Tourism marketing will focus on four geographic market regions that reflect consumer interest in Alberta's tourism products. These are:

Geographic Regions	Primary Targets
Americas	• California, Texas, Near U.S. states, and Ontario
Asia Pacific	• Japan, Taiwan, Australia, New Zealand, and Hong Kong
Europe	• U.K., Germany, Austria, Switzerland, Netherlands, Scandinavia, France and Italy
Alberta/Regional	• Includes both in province and border states and provinces

Goals and Strategies

The Department, works in partnership with the Alberta Economic Development Authority (AEDA), the Strategic Tourism Marketing Council (STMC), business, industry associations, and other provincial departments and governments to achieve the following goals related to its core businesses.

GOAL 1: ***Alberta has a vibrant and versatile economy***

Strategies:

- Lead the development and implementation of a new economic strategy for Alberta
- Monitor and assess the elements of Alberta's business climate (including competitive tax and regulatory environment) and recommend adjustments to keep Alberta competitive
- Facilitate development of a responsive education and training system by providing information on market trends, changing skill requirements and growth projections
- Address pressing needs for economic infrastructure development and promote cooperative initiatives among business, province and municipalities to improve the efficiency and capacity of Alberta's infrastructure

- Increase awareness and support for the Alberta Advantage in Alberta and worldwide
- Provide leadership in the development and implementation of the Alberta brand imaging campaign
- Encourage forward thinking about the long-term future of the Alberta economy and a collaborative approach to address key economic policy issues and identify priorities
- Support the Council of Economic Development Ministers (CEDM) and AEDA and its committees as partners in economic planning and development
- Provide leadership in intergovernmental economic planning, international trade planning and development initiatives
- Support and implement the government's commitment to sustainable and responsible resource management under the Sustainable Resource and Environmental Management Commitment strategy
- Support Alberta's Strategy for Action on Climate Change and promote and develop the Environmental Energy Advantage
- Undertake economic and business research, and provide analysis of economic and business issues
- Identify and track issues, complete analyses and prepare reports on policy alternatives

GOAL 2: ***Alberta's businesses, communities and industry sectors are globally competitive***

Strategies:

- Identify and mitigate impediments to Alberta manufacturers and exporters in accessing cost effective transportation modes
- Consult with and provide information and expertise to Alberta businesses and other stakeholders
- Support government efforts in developing cooperative trade initiatives and in reducing trade impediments in key markets and be an advocate for open competition
- Build collaborative networks and regional alliances between economic stakeholders and municipalities in Alberta
- Promote e-commerce awareness and a regulatory climate that encourages adoption by Alberta industry
- Assist local economic development authorities and municipalities in their efforts to coordinate economic development initiatives
- Improve stakeholder and public access to strategic market, trade and economic intelligence and business information
- Promote Alberta as the place of choice for business/investors to locate, expand, invest and establish strategic partnerships
- Assist companies and industries in target sectors to improve their long term competitive performance and viability
- Identify international trade opportunities for export ready Alberta businesses
- Promote capabilities, products and services of export ready Alberta businesses in international markets
- Utilize Alberta-based activities and events to promote Alberta's international trade capabilities and assist export ready Alberta businesses
- Strengthen the linkage with the Film Commission

GOAL 3: ***Alberta is a globally competitive tourism destination***

Strategies:

- Facilitate easier and more cost effective access to Alberta tourism products by international visitors
- Support the Strategic Tourism Marketing Council in implementing the new tourism marketing strategy
- Promote the awareness of industry and investment opportunities through tourism and enhance linkages to regional, recreational and industrial tourism opportunities

Support Services

The Ministry's mandate includes responsibility for three distinct and unique core businesses. Strategies and actions are undertaken to carry out these businesses and are supported by finance, human resource, administrative and information technology services. Some key department initiatives that will be undertaken within the department will fall in these areas and include:

- Consistent with the goals and strategies of the Corporate Human Resources Development Strategy, continue to implement innovative and responsive human resource programs and services to ensure the availability of a highly competent workforce in the Department
- Implement a proactive performance measurement and program evaluation process to better facilitate continuous improvement and business planning
- Develop and implement an information management strategy that improves stakeholder and public access to strategic information and market intelligence
- Maintain and enhance financial systems, information technology and all other administrative support areas to increase accountability, reliability and efficiency
- Review, assess and where feasible implement shared services with other departments in the area of financial, human resources, administrative and information technology services

Core Performance Measures

Alberta Economic Development (AED) monitors and reports on two types of performance indicators. *Outcome* indicators reflect the performance of the Alberta economy. The Department influences these indicators in partnership with other stakeholders. *Output* indicators directly reflect the performance of the Department.

GOAL 1: *Alberta has a vibrant and versatile economy*

Outcome Indicators

1. ***Alberta's Gross Domestic Product (GDP)*** - GDP values are adjusted for inflation at market prices (constant 1992 dollars).

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth	8.0%	1.8%	2.5%	3.5%	4.0%	4.0%
Real GDP ($billions)	$97.2	$99.0	$101.5	$105.0	$109.2	$113.6

The department's annual reporting for this indicator will include supplemental information on the structure of Alberta's economy in terms of GDP by industry.

2. ***Employment Growth*** - The annual average number of Albertans employed.

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth[4]	3.1%	3.9%	2.6%	2.8%	2.9%	2.9%
Employment (thousands)	1,457	1,514	1,553	1,597	1,643	1,691
Net New Jobs (thousands)	42	57	39	44	46	48

3. ***Manufacturing and Service Exports*** - The value of Alberta's international (outside Canada) exports of manufactured goods and services.

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth	5.7%	6.6%	6.2%	7.0%	8.0%	8.7%
Exports ($billions)	$13.6	$14.5	$15.4	$16.5	$17.8	$19.3

The department's annual reporting for this indicator will include supplemental information on exports of manufactured goods and services as a percentage of total exports and GDP.

[4] GDP growth targets should be higher than employment growth to reflect gains in labour productivity.

4. ***Manufacturing Shipments*** - The annual value of all manufacturing shipments by Alberta companies.

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth	11.4%	(4.0%)	2.0%	5.5%	7.0%	7.0%
Shipments ($billions)	$34.3	$32.9	$33.6	$35.4	$37.9	$40.5

Output Indicators

1. Client and stakeholder (AEDA) satisfaction with overall department services.

Business Plan	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
AEDA satisfaction	100%	100%	100%	100%	100%
Client satisfaction	93%	95%	95%	95%	95%

2. Utilization of department's web site and publications.

Business Plan	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
Total page requests on AED web site	266,185	293,000	322,000	354,000	390,000
Number of regularly produced publications distributed by mail	2,534	2,800	3,100	3,400	3,700
Page requests for publications on AED web site	35,841	39,000	43,000	48,000	52,000

GOAL 2: ***Alberta's businesses, communities and industry sectors are globally competitive***

Outcome Indicators

1. ***Manufacturing and Service Industry Investment*** - The value of new capital expenditures (i.e., construction, machinery, and equipment) in Alberta's manufacturing and service industries.

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth	37.9%	25.0%	24.0%	4.0%	4.0%	4.0%
Investment ($billions)	$8.0	$10.0	$12.4	$12.9	$13.4	$13.9

2. ***Business Incorporations*** - The number of new businesses incorporated in Alberta. This includes incorporations by both residents and non-residents of Alberta.

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth	17.5%	(10.7%)	3.0%	3.0%	3.5%	3.5%
Incorporations (thousands)	26.2	23.4	24.1	24.8	25.7	26.6

3. To be top among, or tied with, competitors on elements of the Alberta Advantage.

Business Plan	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
Number of elements on which Alberta is top or tied, relative to competing jurisdictions	8 of 16	9 of 16	9 of 16	10 of 16	10 of 16

4. Number of 'export ready'[5] and active exporting companies in Alberta.

Business Plan	Actual 1998/99	Estimate 1999/00	Target 2000/01	Target 2001/02
Number of 'export ready' companies	830	910	1,000	1,100
Number of active exporters	1,536	2,300	2,500	2,800

[5] 'Export ready' includes companies who have an export plan and have committed resources to exporting but are not actively exporting.

Output Indicators

1. Post-appraisal of AED's outgoing trade shows and missions in terms of number of participants and number of sales leads identified by companies.

Business Plan	Actual 1998/99	Estimate 1999/00	Target 2000/01	Target 2001/02
Number of companies or organizations participating	230	250	Under Development	
Number of sales leads identified by companies	1,709	1,900	Under development	

The department's annual reporting for this indicator will include supplemental information on the estimated value of sales/contacts made by participants as a result of attending trade shows and missions facilitated by AED.

2. Client satisfaction with services provided by foreign offices.

   This measure, currently under development, will incorporate a 360° review of the Department's foreign offices.

GOAL 3: *Alberta is a globally competitive tourism destination*

Outcome Indicators

1. ***Tourism Industry Revenue*** - The annual value of all tourism industry revenues in Alberta. This includes expenditures made in Alberta by visitors from overseas, the United States, other Canadian provinces, and residents of Alberta.

Business Plan	Actual 1997	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
% Growth	8.8%	10.8%	4.5%	4.7%	5.5%	6.3%
Revenue ($billions)	$3.7	$4.1	$4.3	$4.5	$4.7	$5.0

The department's annual reporting for this indicator will include supplemental information on Alberta's share of Canada's total national and international tourism revenue.

2. Alberta's market share of Canadian international tourism from Europe, Asia Pacific, and the United States.

Business Plan	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
Europe	13%	14%	15%	16%	17%
Asia Pacific	16%	16%	17%	18%	19%
United States	7%	7%	8%	9%	10%

3. Alberta's market share of tourism within Canada.

Business Plan	Actual 1998	Estimate 1999	Target 2000	Target 2001	Target 2002
Alberta/Canada	14%	14%	15%	16%	17%

Output Indicators

Measures under development and will be expanded during the 2000-2003 Business Plan period.

ECONOMIC DEVELOPMENT
MINISTRY INCOME STATEMENT
(thousands of dollars)

	Comparable 1998-99 Actual	Restated 1999-2000 Budget	1999-2000 Forecast	Restated 2000-01 Target	Restated 2001-02 Target
REVENUE					
Internal Government Transfers	-	500	500	-	-
Other Revenue	1,218	750	750	750	750
MINISTRY REVENUE	1,218	1,250	1,250	750	750
EXPENSE					
Program					
Ministry Support Services	4,282	4,997	4,997	4,974	4,989
Economic Development Policy and Planning	3,288	5,252	5,252	5,283	5,312
Marketing and Business Development	14,126	21,432	21,320	20,924	21,056
Tourism	11,095	17,024	17,024	16,737	16,752
Department - Statutory (Valuation Adjustments)	199	-	-	-	-
MINISTRY EXPENSE	32,990	48,705	48,593	47,918	48,109
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-
MINISTRY NET OPERATING RESULT	(31,772)	(47,455)	(47,343)	(47,168)	(47,359)

CONSOLIDATED NET OPERATING RESULT
(thousands of dollars)

	Comparable 1998-99 Actual	Restated 1999-2000 Budget	1999-2000 Forecast	Restated 2000-01 Target	Restated 2001-02 Target
Ministry Revenue	1,218	1,250	1,250	750	750
Inter-ministry consolidation adjustments	-	(500)	(500)	-	-
Consolidated Revenue	1,218	750	750	750	750
Ministry Program Expense	32,990	48,705	48,593	47,918	48,109
Inter-ministry consolidation adjustments	-	-	-	-	-
Consolidated Program Expense	**32,990**	**48,705**	**48,593**	**47,918**	**48,109**
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	(31,772)	(47,955)	(47,843)	(47,168)	(47,359)